

Accelerating Small Business Startup and Growth

Presented by the Mayor's Office of Community Business



**Eric
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@MayorOfLA



The Mayor's Office of Community Business

Helping businesses to start and grow is what LA Mayor Eric Garcetti's Office of Community Business is all about. A division of the Mayor's Office of Economic Development, Community Business offers strategic business insights, coordinates information and resources provided by City departments, and fosters collaboration among business resource providers throughout the City of Los Angeles. In this way, we facilitate successful business startup and growth throughout the City.

Accelerating Small Business Startup and Growth

This guide offers advanced tools and ideas to fuel business growth as well as resources for additional guidance. Although not a comprehensive guide, it is designed to be helpful to use on your own or as a worksheet you can complete and bring to your business consultant for further assistance.

Business Planning

Sustainable business growth begins with a sound plan. In today's rapidly changing environment, businesses need to be nimble and test ideas before investing heavily in them. A fresh take on the traditional business plan, the Business Model Canvas is a contemporary tool used by many entrepreneurs to help refine and articulate their business ideas succinctly. This enables business owners to persuasively pitch their ideas and gauge the level of excitement among potential customers, strategic partners, lenders or investors. With this valuable feedback, business owners can refine and improve their business model before writing a full plan.

The Business Model Canvas

Key Partners
Who are your key partners/suppliers?

What are the most important motivations for the partnerships?

Key Activities
How do you do it?

What key activities does your value proposition require?

What activities are most important for your distribution channels, customer relationships, revenue streams, etc?

Value Propositions
What do you do?

What core value do you deliver to your audience? Which need are you satisfying?

Audience Relationships
How do you interact?

What relationship does the target audience expect you to establish?

How can you integrate that into your work in terms of cost and format?

Audience Segments
Who do you help?

Which groups are you creating value for?

Who is your most important audience?

Key Resources
What do you need?

What key resources does your value proposition require?

Distribution Channels
How do you reach them?

Through which channels does your audience want to be reached?

Which channels work best? How much do they cost?

How can they be integrated into your and your audience's routines?

Cost Structure
What will it cost?

What are the most important costs in your work? Which key resources/activities are most expensive?

Revenue Streams
How much will you make?

For what value are your audiences willing to pay? What and how do they recently pay? How would they prefer to pay?

How much does every revenue stream contribute to the overall revenues?

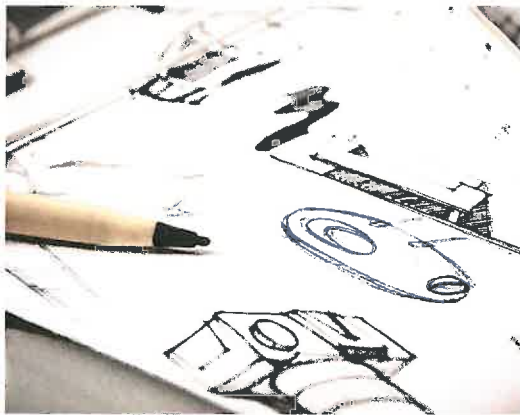
Source: Strategyzer.com

Who can help? Grid110, a City-sponsored incubator, (Grid110.org) or, for tech businesses, BixelExchange.com. Also, LABusinessSource.org and SmallBizLA.org.

Creating a Physical Prototype

With over 12,000 manufacturers, Metro Los Angeles is the largest manufacturing hub in the United States. If you have a product idea, these steps may be helpful to creating a prototype:

- Draw a Concept Sketch - Draw your product ideas by hand to capture and refine them. Be sure to identify any constraints the product may have and any requirements it must fulfill.
- Research Patenting - The US Patents & Trademarks Office issues patents to protect unique inventions. After determining if your invention qualifies for a patent, conduct a thorough patent search then file a regular or provisional patent application.
- Create a Digital Prototype - Use a digital design tool to create 2-D and 3-D drawings, enlisting a graphic designer, prototype engineer or drafter, if needed.
- Build a Physical Prototype - create one or more working prototypes until it meets the market need.
- Assess Manufacturing Costs - Use your prototype to get production estimates from manufacturers to determine if it is likely to be profitable.



Who can help?

The Advanced Prototyping Center at LA CleanTech Incubator, (LACI.org), the CA Manufacturing Tech Center, (CMTC.com) or MakeItInLA.org.

Creating a Digital Platform

Many business owners opt for a marketing website that delivers uniform content to all users. In that case, it is easy to maintain in-house using a Content Management System such as Wordpress or a website builder such as Wix, Weebly, or SquareSpace. However, for businesses that elect to offer customized experiences for individual users, a more sophisticated web or mobile platform is needed to offer that additional functionality. These steps outline the process for creating a web/mobile application platform:

- Clearly describe your idea.
- Specify exactly how you want the platform to function and the problems it will solve.
- Compare your idea to existing applications and refine your idea accordingly.

- Determine its look and feel.
- Enlist a software developer to create and refine prototypes based on your feedback.
- Once approved, software developer completes the coding for the platform.
- The site is tested to be sure it functions properly.
- Plan and execute business and digital marketing plans to acquire customers and achieve profitability.

Who can help?

Sabio.la/build or WetheIncubator.com.

Growth & Sustainability

If a business ceases to achieve and maintain consistent profitability, a shift in strategy may be necessary for it to survive. Some growth and sustainability strategies may include:

- Restructure Pricing - Raising prices while communicating superior value.
- Diversify Product Offerings - Creating different versions of the product based on what is most in demand.
- Bundle products and services - Creating packages and forms of bulk purchasing to generate bigger sales.
- Retain Customers - Ensuring excellent quality of the customer experience, instituting loyalty cards, and marketing complementary products or services to existing clients.
- Establish Repeatability - Adding and delegating to staff capable of achieving the same or higher productivity as you are, while creating systems and procedures for replicating best practices.
- Establish Recurring Revenue Streams - Creating subscription models, service agreements, and retainers, among other forms of recurring revenue.

Who can help?

LABusinessSource.org, SmallBizLA.org, or SCORELA.org.

Being the Boss

Hiring employees may seem daunting at first, but with the proper planning, financing, and coaching, the expansion of your business beyond yourself and a small staff can be a critical element of sustaining a profitable business. When you build your team with highly productive employees, you free yourself to anticipate customer needs, create new revenue streams, and control financial performance, among other CEO responsibilities. Here are some steps to building your staff:

- Identify the skills needed in each position and write job descriptions.
- Determine appropriate salaries and devise a competitive benefits package.
- Consider outsourcing personnel management to remain current with changing regulations.

- Advertise the position(s) to recruit candidates.
- Interview candidates and hire for the position(s).
- Orient and train the new hire, considering government funding that may be available.
- Plan leadership development and coaching programs to develop and retain your employees.

Who can help?

For free recruiting assistance, contact an LA WorkSource Center. For information on minimum wage and paid sick leave, visit WagesLA.lacity.org. And for financial incentives for training employees, contact the Greater San Fernando Valley Chamber's Employment Training Panel or WorkSource On-the-Job Training Program.

Cost Effective Promotional Strategies

- | | | |
|------------------------|------------------|------------------------|
| ○ Social Media/YouTube | ○ Word of Mouth | ○ Telephone calls |
| ○ Networking | ○ Paid Referrals | ○ In-person canvassing |
| ○ Flyers | ○ Press Releases | ○ Events |
| ○ Brochures | ○ Blog | ○ Workshop marketing |
| ○ Postcards | ○ Newsletter | ○ Webinars |
| ○ Email Marketing | ○ Podcast | ○ Bulletin boards |

Marketing & Sales

Generating consistent sales is an indicator that a business is successfully meeting a market need. When endeavoring to increase sales, these are a few pertinent considerations:

- Creating a compelling brand can help smaller or newer businesses to be more competitive and doesn't have to be expensive or complicated. A brand can be thought of as a system of messaging and imagery that establishes and promotes a credible and attractive reputation and justifies premium pricing. Some brand components include a logo, tagline, and unique selling proposition (what makes your business unique).
- To achieve regularly occurring sales, consider instituting a consistent schedule of paid advertising. It may be helpful to predict your total advertising cost, your customer acquisition cost (total marketing expenditures divided by the number of new customers generated over the same period of time), and the customer lifetime value (your estimate of total profit generated over the life of a customer relationship).

- E-commerce and mobile sales are fast-growing sectors of opportunity and digital marketing is an essential element of an effective marketing strategy. Strategies to consider in this arena include: customer acquisition through paid Facebook and other social media advertising, tools for optimizing landing pages and conversion rates, utilizing data analytics in decision-making, and best practices for search engine optimization and content marketing.

Who can help?

Marketing consultants with expertise in digital marketing. Also, LABusinessSource.org or SmallBizLA.org.

BUSINESS INFORMATION & TRAINING

Business Portal:

[Business.lacity.org](https://business.lacity.org)
[Empresas.lacity.org](https://empresas.lacity.org)

- A free portal to City resources for businesses

BusinessSource Centers:

[LABusinessSource.org](https://labusinesssource.org)

- Free business consulting for eligible businesses.

ACCESS TO CAPITAL

Economic and Workforce Development Department Microloan Program.

Email: miguel.acuna@lacity.org or call (213) 595-7460.

- Loans of \$5,000-\$50,000 for eligible businesses.

PROCUREMENT & CONTRACTING

The Contractor's Handbook:

<https://bca.lacity.org/Uploads/cca/Contractors%20Handbook.pdf>

- A free guide on selling items to the City.

Business Assistance Virtual Network:

[LABAVN.org](https://labavn.org)

- A free searchable database of procurement and contracting opportunities offered by the City. Register to learn about opportunities in your industry.

Contractor Development & Bonding Program:

<http://imwis.com/services/contractor-bonding-development-programs/>

- Free training to help businesses win City construction contracts.

City of LA Bureau of Contract Administration Contractor Assistance Seminar:

<https://bca.lacity.org/Contractor%20Assistance%20Seminar>

- Free training for bidding on public works construction contracts

PERMITS & REGULATION ASSISTANCE

Office of Finance Business Registration Assistance:

[Finance.lacity.org](https://finance.lacity.org)

- A business with \$100,000 or less in gross receipts may apply for a Small Business Exemption from the required City business tax.

Department of Building and Safety Restaurant & Small Business Express Program:

[LADBS.org/RSBEP](https://ladsb.org/RSBEP)

- Case management assistance to facilitate the building permit approval process for small businesses.

Planning Department Beverage & Entertainment Streamlined Program:

<https://planning.lacity.org/best>

- Case management assistance to facilitate the conditional use permits process related to alcoholic beverages and entertainment.

Bureau of Contract Administration Office of Wage Standards:

[WagesLA.lacity.org](https://wagesla.lacity.org)

- Information on the requirements of the Los Angeles Minimum Wage Ordinance, including the provision of paid sick leave.

BUSINESS ATTRACTION & RETENTION

Business Response Unit:

Email: LABusinessResponse@lacity.org or call 213-744-7150

- Case management assistance to help businesses navigate City departments, get questions answered, and resolve issues and problems.

Department of Water & Power Property Locator:

[LocateLA.org](https://locatel.a.org)

- A free searchable property database to help identify prospective new business locations.

Bureau of Engineering Maps and Reports:

[NavigateLA.lacity.org](https://navigate.la.lacity.org)

- A free searchable web platform to help you obtain maps and learn more data about specific City addresses based on data supplied by various City departments.

Department of Planning Zoning Information:

<https://cityplanning.lacity.org/PublicCounter.html>

- Assistance with checking zoning requirements of specific property addresses.

Department of Water & Power Rebates & Programs:

https://www.ladwp.com/ladwp/faces/ladwp/commercial/c-savemoney/c-sm-rebatesandprograms?_afdf.ctrl-state=ce8tktop6_17&_afdfLoop=1552886419198536

or call 800-499-8840

- Information on the rebates and programs available to commercial, industrial, institutional, and governmental customers for efficient energy and water usage.

GENERAL CITY SERVICES

Request City Services:

[Myla311.lacity.org](https://myla311.lacity.org) or call 3-1-1.

- A free web portal to connect to non-emergency City services such as bulky item collection, building construction inspection, graffiti removal and cleanup requests.

Mastering Your Financials

Many business owners struggle with understanding the financial aspect of their business, yet wielding a tight control on business financials is instrumental to business success. These fundamental financial concepts can point you in the right direction and help you make strategic decisions for sustainable growth:

- Anticipate expenses. Use historical data or estimate startup costs to create a projected startup budget and operating budget.
- Estimate revenues. An existing business can take the prior year as a baseline, then project the impact of significant anticipated changes. New businesses might project sales based on an estimated number of prospective customers to be reached and converted to sales.
- Quantify assets. List resources the business owns including cash, inventory, equipment and furniture.
- Track liabilities. List items the business owes such as credit obligations, loans, and bills to pay.
- Project and track cash flow. Carefully monitor the amount of cash that is coming in and going out of the business on a regular basis to avoid running out of cash.
- Monitor key ratios. Determine the health of the business by taking stock of critical health measures such as the current ratio, inventory turnover rate, gross margin, revenues per employee and for established businesses, the rate of return on invested capital.

Who can help?

Accountants and financial consultants with expertise in business development as well as financial tools and templates which may be found online. Also, LABusinessSource.org or SmallBizLA.org.

Capital for Your Business

A wide variety of types of alternative funding is available to business owners who do not qualify for a traditional business or personal loan, line of credit, or credit card. For the long term health of your business and personal finances, consider utilizing the most appropriate type of capital for your needs and avoid predatory lenders. Here are some popular avenues for financing a business:

- Rewards Crowdfunding. Kickstarter and IndieGoGo are two platforms in this arena.
- Debt Crowdfunding. Lending Club, Prosper, and Funding Circle are examples.

- Equity Crowdfunding. Republic, SeedInvest, and Crowdfunder, among others.
- Microloans. The City's BusinessSource Centers are available to refer business owners to partner microlenders, such as Opportunity Fund and the Jewish Free Loan Program.
- SBA Loans. The BusinessSource Centers at LABusinessSource.org can help business owners to apply for these government guaranteed bank loans.
- Accounts Receivable Factoring. Selling accounts receivables at a discount can help raise cash in a short amount of time.
- Accounts Receivable Financing. You can take out a loan against your receivables.
- Supplier financing. Try to arrange terms with your vendors where they will allow you to delay your payment long enough for you to generate sales and collect cash from your customers first.
- Customer financing. Alternatively, you may be able to make arrangements for customers to pre-pay for your product or service, thereby effectively financing your production costs.
- Equipment loans. If you need financing for equipment, it may be beneficial to seek an equipment loan rather than working capital since the equipment provides collateral for the loan.
- Real estate loans. Purchasing rather than leasing your business location requires a larger upfront commitment, but may offer more stability over the long term. The SBA's 504 Loan is specifically for this purpose.

Who can help?

Accountants and financial consultants with expertise in raising capital. Also, LABusinessSource.org or SmallBizLA.org.

The information contained in this guide is not intended as legal advice.

For additional information on conducting business in the City of Los Angeles, contact:

Mayor's Office of Community Business
City Hall
200 N. Spring Street, Room 303
Los Angeles, CA 90012

mayor.communitybusiness@lacity.org

Business.lacity.org
(213) 978-0781

Special thanks to:

